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ABSTRACT

This brochure describes the "Tools for Schools" Loan Program and includes guidelines for preparation of an application for a loan of industrial manufacturing equipment from the Defense Industrial Reserve (DIR). The first section is in question-and-answer form and describes the program through which equipment from DIR may be loaned to any nonprofit educational institution or training school. The program specifies that the school must contribute materially to the national defense and that the institution must agree to provide for maintenance and to return, without expense to the government the equipment. The second section presents an application format for obtaining DIR equipment; lists types of equipment in the DIR, including metal cutting, test, welding, and metal forming equipment; and provides a sample loan agreement. (YLB)

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DEPARTMENT
OF DEFENSE

DEFENSE
LOGISTICS
AGENCY

CE034174

Defense Industrial Reserve Loan Program

Public Law 93-155, 93rd Congress

Tools for Schools

U.S. DEPARTMENT OF EDUCATION
NATIONAL INSTITUTE OF EDUCATION
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Defense Industrial Plant Equipment Center

Memphis, Tennessee 38114

1 July 1982

DEFENSE LOGISTICS AGENCY
DEFENSE INDUSTRIAL PLANT EQUIPMENT CENTER
MEMPHIS, TENNESSEE 38114

INTRODUCTION

The "Tools for Schools" Loan Program was established by Public Law 93-155 which in part provided the Secretary of Defense with the authority to authorize and regulate the lending of equipment from the Defense Industrial Reserve to any nonprofit educational institution or training school when (a) the Program proposed will contribute materially to National Defense and (b) such institution or school shall agree to provide for the proper maintenance of the equipment and for its return without expense to the Government.

As the Agent for the Secretary of Defense, the Defense Industrial Plant Equipment Center (DIPEC) has been designated to carry out the provisions of the law pertaining to the Program.

This Brochure describes the Program and includes guidelines for preparation of an application for a loan of equipment from the Defense Industrial Reserve.

FRANCIS J. SCIPLES
Colonel, USAF
Commander

DEFENSE INDUSTRIAL RESERVE LOAN PROGRAM

WHAT IS THE DEFENSE INDUSTRIAL RESERVE (DIR)?

It is a general reserve of industrial manufacturing equipment, including machine tools, retained for National Defense or for other emergency use. The equipment is not new, is not surplus, is not for sale; and is available for loan only because the Department of Defense has no immediate requirement for its use.

UNDER WHAT AUTHORITY WAS THE DIR ESTABLISHED?

The DIR was established by the passage of the Defense Industrial Reserve Act on 16 November 1973 (Public Law 93-155, 93rd Congress.)

WHO ADMINISTERS THE DIR?

The Secretary of Defense, or his delegated representative. This authority has been delegated to the Defense Industrial Plant Equipment Center (DIPEC), Memphis, Tennessee.

WHO IS ELIGIBLE TO PARTICIPATE IN THE DIR LENDING PROGRAM?

Any nonprofit educational institution or training school when (1) it is determined that the program for which the equipment is required will contribute materially to National Defense, and (2) when such institution or school shall by agreement make such suitable provisions for the proper maintenance of such equipment and for its return to the Department of Defense without expense to the Government. Federal Funds Cannot Be Used Directly or Indirectly for Shipping Costs, Installation, Insurance, or Maintenance.

a. Vocational schools contribute to National Defense by developing a pool of skilled labor which can be used in times of emergency.

b. Each school or institution must submit a separate application. (Multiple schools in the same area may not combine their applications into one.)

ARE CATALOGUES AND LISTINGS OF EQUIPMENT AVAILABLE?

No. The equipment contained in the DIR is constantly changing; therefore, it is impossible to state, prior to the receipt and approval of an application, what items are available.

WHAT EQUIPMENT IS AVAILABLE IN THE DIR?

Metal cutting and metal forming machinery, test, and general plant equipment, having an acquisition cost of $3,000 or more. General types and kinds of equipment are listed on Page 8.

WHERE IS THE EQUIPMENT LOCATED?

DIR equipment is stored in various storage facilities across the country. The location will be reflected on property records of items selected for your consideration. No equipment is stored in Memphis.

ARE APPLICATION BLANKS AVAILABLE?

No. The application format is furnished on Pages 4 through 7 and may be prepared on regular bond paper. Questions must be answered completely. Any additional information which would strengthen the justification for the request should be included. For example, letters from local industry stressing the need for particular skills in your community would be helpful.

HOW MANY COPIES OF AN APPLICATION ARE REQUIRED?

One.

TO WHOM IS THE APPLICATION SUBMITTED:

Mail application to the following address:

Commander
Defense Industrial Plant Equipment Center
ATTN: Defense Industrial Reserve Loan Branch
Memphis, Tennessee 38114

For additional information, call Area Code 901-524-6641.

WHEN ARE THE SCHOOLS NOTIFIED HOW MANY ITEMS ARE AVAILABLE FOR LOAN?

After a formal application has been reviewed, evaluated, and approved, the requirements will be screened against the current inventory. As soon as items are selected that should meet your requirements, inventory records describing these items will be furnished for your consideration.

Requirements for equipment not available at the time of screening will be continuously screened for 180 days, unless DIPEC is advised the requirements no longer exist. If an item becomes available during this period, it will be offered to the school. If continuous screening is desired beyond the 180-day period, the request must be made in writing.

ARE PHYSICAL INSPECTIONS OF THE EQUIPMENT PERMITTED?

Yes, DIR equipment offered for your consideration may be physically inspected. Expenses incident to the inspection must be borne by the school. Clearance to inspect items at the storage sites may be made by contacting this Office, Area Code 901-524-6643.

IS INSURANCE REQUIRED?

Transportation insurance is not required for movement of the equipment if the shipment is accomplished by a bonded carrier. If the move is effected by other than a bonded carrier, trip transit insurance or a letter from the Borrower accepting full responsibility for the move is required. Liability, fire, extended coverage, vandalism and malicious mischief insurance are required. (See Article IX of the enclosed sample Loan Agreement.)

MAY ADDITIONAL ITEMS BE REQUESTED?

Yes, additional items may be requested anytime by letter specifying noun names, sizes, capacities, and quantities. A new application is not required.

WHAT ARE THE TERMS OF A LOAN AGREEMENT?

A sample Loan Agreement is enclosed for information only. Preparation of the Loan Agreement will not begin until items have been accepted by the school. Normally, the term of Agreement shall be for a period of five (5) years, and at the option of the Borrower, be renewed for additional periods of five (5) years each.

HOW MAY ITEMS BE RETURNED TO THE DIR WHEN NO LONGER REQUIRED FOR TRAINING PURPOSES?

The Defense Industrial Plant Equipment Center (DIPEC) should be notified when any item is no longer required for training purposes. The DIR identification number, condition, and reason item is no longer required should be furnished this Office and disposition instructions will be furnished for each item.

APPLICATION FOR DIR EQUIPMENT

1. Complete name and address of the governing body of the school or institution. Include the name, area code, and telephone number of the person to be contacted in case additional information is needed.

2. Complete name and ship-to address of the institution or school where facilities will be installed. Include the name, area code, and telephone number of the person to be contacted in case additional information is needed.

3. Describe in detail the nature and purpose of the program or training course for which DIR equipment is required, and indicate:

   a. Whether the program or course is currently in effect and why DIR equipment is necessary.

   b. That use of DIR equipment will be limited exclusively to this program or training course, and under no condition will the items be utilized for the production of goods to be placed on the competitive market.

   c. Whether the school or institution is non-profit and a description of the current accreditation status.

4. State how many training courses, either day or evening, will be conducted per year. Indicate how many months per year courses will be offered.

   a. Give the duration of the courses which would entitle a trainee to a certificate upon successfully completing the course.

   b. Describe the kind of certificate, if any, awarded trainees upon successfully completing the course.

5. State whether sufficient funds are, or will be, available to conduct this program or training course. This should include funds for financing shipping costs, insurance, equipment installation, instructors' salaries, power, heat, light, equipment maintenance, supplies, and all other expenses involved in this program or training course. In accordance with Public Law 93-155, while subject to the Loan Agreement, the proper maintenance and care of such property and for its return, must be without expense to the Government.

6. State how many trainees are:

   a. Presently enrolled in current program or course.

      (1) By day.

      (2) By evening.

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6. State how many trainees are:

   a. Presently enrolled in current program or course.

      (1) By day.

      (2) By evening.

b. Contemplated to be enrolled in proposed program.

(1) By day.

(2) By evening.

7. State how many instructors are:

a. Presently assigned to current program or course.

(1) By day.

(2) By evening.

b. Contemplated to be assigned in proposed program or course.

(1) By day.

(2) By evening.

8. State how many hours will be devoted to training per week.

a. By day.

b. By evening.

9. State how many hours of daily instruction are, or will be, devoted to each trainee with respect to:

a. Actual use of equipment.

b. Machine shop theory.

c. Drafting.

d. Blueprint reading.

e. Other (explain).

10. State whether:

a. Specific operating instructions are now, or will be, established for the various types of equipment.

b. Specific schedules of machine time are now, or will be, established for training on the various types of machines (for example: 20 hours for lathes, 15 hours for radial drills, 25 hours for surface and cylindrical grinders, etc.)

11. Provide an itemized list, specifying in detail the property requested, giving the quantity, minimum and maximum sizes of each particular type requested, and manufacturer's make and model number preferred. Examples:

    a. 3 each Lathes, Engine, 10"-15" Swg., 28"-54" CC LeBlond Model B13 (substitute acceptable)

    b. 2 each Milling Machines, knee type, horizontal, universal, 28" Longt'd TT, 10" Cross TT, 18" Vertical Knee Travel, Cincinnati Model 2DTHS (substitute acceptable)

    c. 1 each Saw, Circular, Tilt Arbor, Single Arbor Type, 14" Std. Saw Dia., 26"-29" Std. Ripping Width, Oliver Model 270D

12. State whether facilities are now available for the receipt and installation of loaned DIR equipment. If not, when will the facilities be available for installation of the machines? Normally, screening of an applicant's request for equipment will not be accomplished prior to six months before the estimated date that facilities will be available for installation purposes.

13. Affirm that the equipment will receive proper maintenance and care to assure that it will be returned to the Government in as good a condition as received, except for ordinary wear and tear in normal usage.

14. Affirm that the Borrower agrees to pay packing, crating, handling, and transportation charges for shipment of the DIR equipment and its return to Government facilities.

15. Affirm that Government representatives will be allowed to visit the training or educational institutions.

    a. To inspect the equipment.

    b. To ascertain level of equipment maintenance.

    c. To ascertain whether utilization of equipment is in accordance with the Loan Agreement.

16. Affirm that any loaned DIR equipment <u>will not be moved</u> from the user's facility <u>without</u> prior approval of the Defense Industrial Plant Equipment Center.

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17. Include the following in the application:

a. The applicant hereby agrees to comply with Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and all requirements imposed by or pursuant to the Regulations of the Department of Defense (32 CFR Part 300) issued pursuant to that title to the end that, in accordance with said Title VI and said regulations, no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the program for which the applicant received any Federal financial assistance (Loan of Property) requested by this application, and hereby gives assurance that it will immediately take any measures necessary to effectuate this agreement. This assurance shall obligate the applicant for the period during which it retains possession of any property requested by this application.

b. The applicant hereby agrees to comply with the provisions of Section 504 of the Rehabilitation Act of 1973 (Public Law 93-112), as amended, and all requirements imposed by the Regulations of the Department of Defense (32 CFR Part 56, as published in 47 F.R. 15122) issued pursuant to said Act. Section 504 of the Act provides in relevant part that "No otherwise qualified handicapped individual in the United States . . . shall, solely by reason of his handicap, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial asistance." The applicant also agrees to advise DIPEC of any complaints received that allege discrimination against handicapped persons. The applicant hereby recognizes that the U. S. Government has the right to seek judicial enforcement of Section 504 and the Department of Defense Directives.

c. These assurances are given in consideration of and for the purpose of obtaining the loan of property requested by this application. The applicant recognizes and agrees that any such Federal financial assistance (Loan of Property) will be extended in reliance on the representations and agreements made in this assurance, and that the United States will have the right to seek judicial enforcement of this assurance. This assurance is binding on the applicant and its successors.

d. SIGNATURE: _____

TITLE: _____

TELEPHONE NUMBER: _____
(Please include Area Code

DATE: _____

TYPES OF EQUIPMENT IN THE DIR

METAL CUTTING EQUIPMENT

- Saws and Filing Machines
- Machining Centers & Way-Type Machines
- Electrical & Ultrasonic Erosion Machines
- Boring Machines
- Broaching Machines
- Drilling & Tapping Machines
- Gear Cutting & Finishing Machines
- Grinding Machines
- Lathes
- Milling Machines
- Planers & Shapers
- Miscellaneous Machine Tools

TEST EQUIPMENT

- Hardness Testers
- Comparators
- Scales
- Chambers
- Industrial X-Ray Units
- Balances
- Spectrophotometers
- Measuring Machines

WELDING EQUIPMENT

- Resistance Welders
- Arc Welders

METAL FORMING EQUIPMENT

- Bending & Forming Machines
- Hydraulic & Pneumatic Presses, Power Driven
- Mechanical Presses, Power Driven
- Punching & Shearing Machines
- Forging Machinery & Hammers
- Wire & Metal Ribbon Forming Machinery
- Riveting Machines
- Miscellaneous Secondary Metal Forming & Cutting Machines

NOTE: Attachments, Accessories, and Technical Data received with any item are accountable with the basic machine and must accompany the machine upon authorized transfer from the School.

LOAN AGREEMENT NO. _____
Between
UNITED STATES OF AMERICA
And

THIS AGREEMENT, entered into as of the day of between the UNITED STATES OF AMERICA (hereinafter called the "Lender"), acting through the Secretary of Defense, his successors, assignees, and duly authorized designees, and

_____

_____

_____
(hereinafter called the "Borrower").

WITNESSETH:

WHEREAS, pursuant to the provisions of the Defense Industrial Reserve Act (Section 809, P.L. 93-155, 16 November 1973) the Secretary of Defense is authorized and directed to determine which machine tools and other industrial manufacturing equipment owned by Lender should become part of the Defense Industrial Reserve; and

WHEREAS, pursuant to the provisions of aforesaid Act, the Secretary of Defense is authorized to lend to nonprofit educational institutions or training schools from the Defense Industrial Reserve certain machine tools and other manufacturing equipment (hereinafter called "Facilities"); and

WHEREAS, the Secretary of Defense, acting through his duly authorized designee, the Commander, Defense Industrial Plant Equipment Center, has agreed to lend certain Facilities to Borrower;

NOW, THEREFORE, in consideration of the premises and of the mutual promises herein, the parties hereto agree as follows:

ARTICLE I. THE LOANED PROPERTY

A. Based upon (1) the Borrower's application dated _____ for the loan of machine tools and other manufacturing equipment from the Defense Industrial Reserve, (2) the representations and agreements of Borrower, and (3) the training program set forth in Schedule B hereof, Lender hereby lends to Borrower, and Borrower hereby borrows from Lender, the Facilities described in Schedule A hereof that are located at certain storage sites of the Lender and at other sites.

B. The Facilities are loaned on an "as is - where is" basis with no representations or warranties on the part of Lender as to the condition thereof.

C. Lender shall permit Borrower to inspect the Facilities prior to their shipment to Borrower and to examine any data in Lender's possession regarding the condition, performance, and characteristics of the individual items comprising the Facilities. Borrower agrees that the Facilities are in good condition and are fit and suitable for the purposes for which they are intended as described in Article II hereof.

ARTICLE II. USE OF FACILITIES

A. Borrower agrees to use the Facilities exclusively for vocational industrial training and education in accordance with the program referred to in Schedule B hereof, and to that end Borrower further agrees to accomplish, as promptly as possible but not later than _____ (date Borrower will commence using the equipment), the installation and beginning of operation of the Facilities for such purpose in the

_____

_____

_____
(complete name & address where equipment will be installed & used).

B. If at any time during the term of this Agreement and following the installation of the Facilities, the Borrower does not operate any one or more of the Facilities for a period of 30 consecutive student attendance days of the scheduled training program, the Borrower agrees to notify the Lender of such lack of operation and of the reason therefor.

ARTICLE III. TERM OF LOAN AGREEMENT

A. Subject to prior termination as hereinafter provided, the term of this Agreement shall be for the period commencing as of the date hereof and ending _____. The Agreement may, at the option of Borrower, be renewed for additional periods of five (5) years each upon the terms herein specified, subject to the following conditions:

1. Delivery by Borrower to Lender of written notice of the exercise of the option at least ninety (90) days prior to the end of this Agreement or any renewal thereof.

2. Borrower shall not be in default in the performance of any of the terms and conditions of the Agreement.

3. Lender and Borrower are authorized to renew the Agreement under their then existing authority.

4. Borrower shall furnish assurance satisfactory to Lender that funds are available or will be made available to Borrower, when needed to carry out its obligations under this Agreement during the renewal period.

5. A determination by the Secretary of Defense or his duly authorized designee that the use of the Facilities under this Agreement during the renewal term will contribute materially to the National Defense.

B. The term "Agreement" or "Loan Agreement" as used herein shall include amendments thereto and renewals thereof.

ARTICLE IV. POSSESSION AND ACCOUNTABILITY

Borrower shall be accountable and responsible for each item listed on Schedule A hereof on the date or dates upon which such item is received by it at Lender's sites and at other sites. Additionally, Borrower shall assume accountability and responsibility for any item added hereafter on Schedule A hereof on the date such item is received by it at Lender's sites and at other sites. Borrower shall not, without the prior written approval of Lender, alter, remove to any location other than Borrower's original installation site or otherwise part with possession of any of the Facilities, or purport to pledge, assign, lease, sell, dispose of, or transfer title to, any of such Facilities, either directly or indirectly, or do or suffer anything to be done whereby any of such Facilities shall or may be seized, taken into execution, attached, damaged or destroyed.

ARTICLE V. INSTALLATION OF FACILITIES

A. Installation of the Facilities shall be accomplished by Borrower in accordance with good industrial practice and in a manner which will reasonably permit removal of the Facilities by the Borrower at its expense upon termination or expiration of this Agreement, taking into consideration the use intended to be made of the Facilities. It is understood and agreed that all the Facilities installed pursuant to this Agreement shall remain and be considered as personal property notwithstanding attachment or affixation to any realty and that title to the Facilities is and shall remain vested in Lender. Facilities once installed by Borrower shall not be moved without the prior written approval of Lender.

B. In the event the building or buildings in which the Facilities are installed is held by Borrower under lease, license, permit or other agreement with an owner other than the United States, or in the event such building is mortgaged, Borrower shall, prior to the installation of the Facilities, obtain an agreement from such other owner or mortgagee, in form satisfactory to the Lender, that as between the Lender and such other owner or mortgagee (a) such Facilities shall be considered as personalty; (b) title thereto shall remain in the Lender notwithstanding such installation; and (c) the Lender shall have the right at any time to remove them from the premises without responsibility on the part of the Lender for any damage which may be caused by reason of such removal.

C. Borrower shall, at its own expense, prominently mark each item of the Facilities upon receipt at Borrower's building (unless the Facilities have already been so marked) with a Government Identification Number so as to indicate ownership thereof by Lender. Identification shall be effected by affixing a decal, metal, fiber, plastic or other plate directly to the equipment or by using indelible ink, acid or electric etch, steel dies, or other legible, permanent, conspicuous and tamper proof method. Borrower shall maintain such identifying marks in legible condition at all times during the term of this Agreement. The Identification Number shall be the number assigned to the item as specified in the Schedule "A" to this Agreement or added by amendments thereto.

ARTICLE VI. MAINTENANCE

A. Borrower shall use reasonable care in the possession, use, and operation of the Facilities, and shall at all times protect, preserve, maintain, and repair the same in accordance with good industrial practice. Upon the expiration or termination of this Agreement, Borrower shall forthwith yield possession thereof to Lender in as good condition as that existing on the date of assumption of accountability therefor by Borrower, except for ordinary wear and tear and damage to or destruction of the Facilities resulting from causes beyond Borrower's control and which are commonly in general industrial practice not insured against or against which Lender did not require insurance, provided such damage or destruction did not result in whole or in part from Borrower's failure to exercise reasonable care.

B. For purposes of this Agreement, the term "reasonable care" shall mean the care practiced by industrial machine shops in the maintenance, use, protection, and preservation of their own property, provided such care is in accordance with good industrial practice. The term "ordinary wear and tear" means the wear and tear usually resulting from the use of machine tools and other manufacturing equipment for training purposes. Damage to the basic machine, as described in Schedule A hereof, neglect or rusting of the machine, accessories and electrical equipment, or damage to or breakage of any accessories or other parts used with but not a part of the basic machine shall not be considered to be ordinary wear and tear.

C. It is understood and agreed that the Facilities have been selected for their suitability for vocational industrial education and training purposes and that only the most basic equipment is needed for these purposes. Upon the request of the Borrower and with the approval of the Lender, replacement of the equipment, if available, may be made for any item comprising the Facilities if such item can no longer adequately carry out the purposes of this Agreement, provided that Borrower is not in default in the performance of the terms and conditions hereof and provided further that the terms and conditions of this Agreement shall apply to the replacement items.

ARTICLE VII. TRANSPORTATION

Shipment of the Facilities to the Borrower from Lender's sites and other sites shall be made by Lender for the Borrower's account as indicated in Article XI.A.; and the return of the Facilities to the same or any other sites designated by Lender shall be made by Borrower. Borrower shall load the Facilities on carrier's or its own conveyance (type and kind of which shall be subject to Lender's approval) and thereafter Borrower shall complete and distribute the bills of lading and such other shipping documents as may be necessary to comply with Lender's instructions.

ARTICLE VIII. INDEMNIFICATION AGREEMENT

Borrower shall protect, save, and keep harmless, and indemnify Lender against any and all liability whatsoever for injury to or death of any person or persons or for loss of or damage to any property occurring in connection with or in any way incident to or arising out of the use or operation of the Facilities.

ARTICLE IX. INSURANCE

A. Fire and Extended Coverage

Borrower agrees to procure or provide and maintain at its cost, during the term of this Agreement or extension thereof, fire, extended insurance coverage, vandalism and malicious mischief insurance on the Facilities wherever located in an amount equal to the full value of the Facilities for the benefit of the Lender, as well as insurance against such other hazards as the Lender may require.

B. General Liability Insurance

Borrower agrees to procure or provide and maintain at its cost, during the term of this Agreement or extension thereof, general liability insurance with limits of liability for bodily injury of not less than $300,000 for each occurrence and property damage limits of liability of not less than $25,000 for each accident.

C. Transportation Insurance

Borrower further agrees to procure at its expense all risks transportation insurance (trip transit), including loading and unloading, without a deductible provision, for the benefit of the Lender, on all the following shipments of the Facilities in an amount equal to the full value of the Facilities: (a) the shipment of Facilities from Lender's sites or other sites, (b) the return of the Facilities to the same or other sites designated by Lender, or (c) the transfer of Facilities by Borrower to other locations, when such return or transfer is authorized by Lender. If the Borrower contracts for the shipments of the Facilities to be accomplished by a bonded carrier, the Lender may waive the transportation insurance requirement. If the Borrower contracts for the shipments to be accomplished by nonbonded carrier or by Borrower-owned conveyance, the required transportation insurance will not be waived unless the Borrower is authorized to execute and provides a written agreement that contains the same coverage that would be provided if the coverage was by a transportation insurance policy.

D. Conditions

1. Compliance with the provisions of Paragraphs A, B and C above may be accomplished by insurance coverage from commercial companies as may be approved by or be satisfactory to Lender. This includes insurance coverage obtained by the Borrower for its own protection when the policies have been endorsed to include the Lender as an additionally insured party.

2. All insurance policies shall be written in the name of, or endorsed to include as an additionally insured party, the United States of America, acting by and through the Commander, Defense Industrial Plant Equipment Center, Memphis, Tennessee.

3. All insurance policies required by (a), Paragraphs A and B, shall be for a term of not less than one (1) year and (b), Paragraph C, for a term of not less than ninety (90) days.

4. All insurance policies required by Paragraphs A, B and C must include a provision that the policies shall not be reduced or cancelled without thirty (30) days prior written notice to the Lender.

5. All insurance policies required by Paragraphs A and C must include a provision that any loss thereunder shall be adjusted with and payable to said Commander, Defense Industrial Plant Equipment Center.

6. All insurance policies required by Paragraph B must provide protection for the Lender's interest in the loaned Facilities wherever located.

E. Evidence of Insurance

The Borrower's execution of this Loan Agreement is evidence that it is in compliance or it will comply immediately with the provisions of this Article requiring insurance coverage. However, when required by Lender, the Borrower agrees to forward to the Commander, Defense Industrial Plant Equipment Center, or to present to a representative of said Commander, documentary evidence satisfactory to the Commander or his representative that Borrower has the required insurance coverage.

F. Insurance May Be Waived

1. Lender may waive the required insurance coverage, in whole or in part, of this Article when it receives a certified copy of a duly adopted resolution of the governing body of the Borrower that a fund has been established and is being maintained in an amount sufficient to pay for any loss or liability imposed that may arise from perils or liability covered by the insurance required by the Article, and that the fund shall be used accordingly to protect Lender.

2. That before said fund is disestablished or changed as to amount or purpose, the Borrower agrees that it will notify Lender and, if required, will obtain the insurance coverage as provided in this Article.

G. Loss of Damage of Facilities

In the event of loss or damage to or destruction of the Facilities, in whole or in part, by fire or other insured peril or other cause, Lender shall determine whether the damaged or destroyed items shall be repaired, replaced, or removed. Borrower agrees to notify the Commander, Defense Industrial Plant Equipment Center, Airways Blvd., Memphis, Tennessee 38114, within twenty-four (24) hours of any loss or damage to the Facilities.

ARTICLE X. TAXES

Borrower agrees to pay to the proper authority when and as the same become due any and all taxes, assessments, and similar charges which at any time during the term of this Agreement may be legally assessed against the Facilities, or upon the use or operation thereof, whether such taxes are imposed under existing law or legislation hereafter enacted.

ARTICLE XI. PAYMENT

A. All costs incurred in connection with the performance of this Agreement shall be for the Borrower's Account. Such costs shall include without limitation:

1. Borrower's cost in connection with its inspection of the Facilities wherever located prior to shipment to Borrower.

2. Cost of packing, crating, and marking of Facilities and of loading thereof on carrier's conveyances.

3. Cost of transportation of Facilities from the sites wherever such Facilities are located prior to shipment to Borrower, and the return of Facilities by Borrower to sites to be designated by Lender.

4. Cost of insurance required by this Agreement.

5. Cost of storage, installation, maintenance, protection, and preservation of Facilities.

6. Cost of repairs to or replacement of Facilities required by wear and tear, damage, and destruction not excusable pursuant to the provisions of this Agreement.

7. Cost of the operation and administration of the training program.

B. Borrower shall pay all such costs directly to the creditor.

C. Any payments made by Borrower to Lender shall be made to the Commander, Defense Industrial Plant Equipment Center, Airways Blvd., Memphis, Tennessee 38114, by check payable to the Treasurer of the United States of America.

D. Borrower shall not be liable for Lender's travel, subsistence and administrative expense in administering this Agreement, but shall be liable for Lender's cost under Paragraph A of this Article if Lender performs any of the services or work referred to in said paragraph.

ARTICLE XII. ACCESS TO PREMISES

For the purpose of determining whether Borrower is complying with the terms and conditions of this Agreement, Borrower hereby grants to Lender and any duly authorized representatives of Lender the right of access to the premises wherein any of the Facilities are installed or located at all reasonable times during the term of this Agreement.

ARTICLE XIII. COMPLIANCE WITH APPLICABLE LAWS

Borrower agrees, in the use, operation, and maintenance of the Facilities, to comply with all applicable federal, state, municipal, and local laws, rules, orders, regulations, and directives lawfully made.

ARTICLE XIV. AUTHORITY OF BORROWER

On or before the execution of this Agreement by Lender there shall be delivered to Lender the following:

A. Certified copy of duly adopted resolution of the governing body of Borrower authorizing the persons by titles or positions executing this Agreement to do so in Borrower's name and on its behalf, and to execute any amendments and supplements to the Agreement and to perform all things necessary in connection therewith.

B. An opinion of Counsel for the Borrower, in form and substance satisfactory to Lender, to the effect that:

1. The Agreement when executed by Lender will constitute a valid and binding obligation and commitment upon Borrower in accordance with its terms, and that all requirements included to protect the interests of Lender have been complied with by Borrower.

2. The vocational industrial education and training program referred to in the Agreement is duly authorized by state and local laws, rules, orders, regulations, and directives.

3. Borrower is authorized under such laws to operate the vocational industrial education and training program, to enter into the Agreement and to undertake to perform, and perform all obligations, agreements, and acts required under and in connection with the Agreement.

4. Borrower is authorized to expend the funds necessary to carry out its obligations under the Agreement notwithstanding the fact that the Facilities are owned by the United States Government and notwithstanding the fact that Borrower has a contingent obligation to return the Facilities to the United States Government and to pay the costs of repair and replacement of the Facilities when required under the terms of the Agreement.

5. Said funds are not subject to attachment or levy for the payment of workmen's compensation claims, mechanics' liens, state or local fees, municipal claims or tax liens, or judgments against the State of _____ or any political subdivision thereof, including the City of _____ County of _____ or school boards.

6. In support of the conclusions required by the preceding five subparagraphs, the Counsel for the Borrower shall cite the relevant and material laws, rules, orders, regulations, directives and, when appropriate, court decisions.

7. The Counsel for Borrower will specify the title or legal interest that he has determined Borrower to have in the real estate and building(s) stated in Article II. (Counsel will fully explain Borrower's rights and responsibilities if he specifies an interest other than a fee simple title. In addition, he will obtain and attach the agreement required by Article V.B.)

ARTICLE XV. TERMINATION AND DISPOSITION OF FACILITIES

A. Grounds for and Manner of Termination

This Agreement may be terminated prior to its expiration, in whole, or from time to time in part, in the following manner and upon the following terms and conditions:

1. By Borrower ninety (90) days from the date of written notice to Lender in the event the Facilities are no longer needed for the purpose for which they were borrowed or whenever Borrower determines such action to be in its best interest.

2. By Lender ninety (90) days from the date of written notice to Borrower.

3. By Lender whenever Borrower shall default in the performance of this Agreement in accordance with its terms, and shall fail to cure such default within fifteen (15) days (or such longer period as Lender may allow) from the date of written notice from Lender to Borrower specifying the default.

4. By Lender upon fifteen (15) days of written notice to Borrower in the event:

(a) The Facilities are no longer needed by Borrower for the purpose for which they were loaned;

(b) The Facilities or any part thereof are required on an emergency defense production program;

(c) The Secretary of Defense or his duly authorized designee determines that there is a substantially greater National Defense need elsewhere for the Facilities or any part thereof; or

(d) Borrower does not have available, and Lender does not receive from Borrower assurance satisfactory to Lender that there will be available when needed, funds necessary and sufficient to carry out Borrower's obligations under this Agreement.

B. Return of Facilities by Borrower

1. Borrower's Request for Instructions

Borrower shall after the expiration or termination of this Agreement request Lender either to furnish shipping instructions with respect to the Facilities or to complete the removal thereof in the event Lender has given notice of its election to do pursuant to Subparagraph 2 below. In the event of failure upon the part of Lender to furnish such instructions within ninety (90) days of such request, or to complete removal of the Facilities within

ninety (90) days from the date of the notice of its intention to do so, Borrower may remove and store such Facilities; provided however, that any Facilities so removed for storage shall be packed, crated, and preserved for storage and shipment in accordance with the provisions of Subparagraph 3 below.

2. Removal by Lender

Lender, upon written notice given to Borrower within fifteen (15) days after the expiration or termination of the Agreement, shall have the right at any time from the date of such notice to enter the premises of Borrower wherein the Facilities are installed and to remove the same.

3. Packing, Crating, and Preservation by Borrower

After the expiration or termination of the Agreement, and not later than sixty (60) days after the date of Lender's written instructions to do so, Borrower shall clean, preserve, and pack to afford protection against corrosion, deterioration, and damage in shipment. Packing shall meet carrier acceptance for safe delivery to destination at lowest rate in compliance with carrier rules and regulations applicable to mode of transportation.

4. Shipment by Borrower

Borrower shall, after cleaning, preserving, and packing said Facilities as above provided, deliver the Facilities to a carrier in accordance with written instructions of Lender.

5. Restoration of Premises

Lender shall in no event be liable for restoration of or damage to the property from which the Facilities are removed arising out of or incident to the removal of the Facilities therefrom.

ARTICLE XVI. EQUAL OPPORTUNITY CLAUSE

A. The term Contractor as used herein shall be deemed to mean and include the "Borrower."

B. During the performance of this contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

2. The Contractor will, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

3. The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract of understanding, a notice to be provided by the agency Contracting Officer, advising the labor union or worker's representative of the Contractor's commitments under Section 202 of Executive Order No. 11246 of September 24, 1965, as amended, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. The Contractor will comply with all provisions of Executive Order No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. The Contractor will furnish all information and reports required by Executive Order No. 11246 of September 24, 1965, as amended, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

6. In the event of the Contractor's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the Contractor may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order No. 11246, of September 24, 1965, as amended, and such other sanctions may be imposed and remedies invoked as provided in executive Order No. 11246 of September 24, 1965, as amended, or by rules, regulations, or orders of the Secretary of Labor, or as otherwise provided by law.

7. The Contractor will include the provisions of Paragraphs 1 through 6 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, as amended, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

ARTICLE XVII. ASSURANCE OF COMPLIANCE WITH DOD REGULATIONS UNDER TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

A. The Borrower hereby agrees that it will comply with Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and all requirements imposed by or pursuant to the regulations of the Department of Defense (32 CFR Part 300) issued pursuant to that Title to the end that, in accordance with said Title VI and said regulations, no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or otherwise be subjected to discrimination under the program for which the Borrower receives Federal financial assistance (Loan of Property) under this Loan Agreement, and hereby gives assurance that it will immediately take any measures necessary to effectuate this agreement. This assurance shall obligate the Borrower for the period during which it retains possession of any property now or subsequently covered by this Loan Agreement.

B. This assurance is given in consideration of and for the purpose of obtaining the loan of property now or subsequently covered by this Loan Agreement. The Borrower recognizes and agrees that such Federal financial assistance (Loan of Property) will be continued or extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Borrower and its successors.

ARTICLE XVIII. ASSURANCE OF COMPLIANCE WITH DOD REGULATIONS UNDER SECTION 504 OF THE REHABILITATION ACT OF 1973.

A. The Borrower hereby agrees to comply with Section 504 of the Rehabilitation Act of 1973 (Public Law 93-112, as amended, and all requirements imposed by or pursuant to the regulations of the Department of Defense (32 CFR Part 56, as published in 47 F.R. 15122) issued pursuant to that Act to the end that, in accordance with said Act and said regulations, no qualified handicapped person shall be subjected to discrimination on the basis of handicap under any program or activity that receives or benefits from Federal financial assistance disbursed by a DOD Component or under any Federal program or activity that is conducted by a DOD Component, and hereby gives assurance to immediately take any measures necessary to effectuate this agreement. The Borrower also agrees to advise the Lender (DIPEC) of any complaints received that allege discrimination against handicapped persons. This assurance shall obligate the Borrower for the period during which it retains possession of any property now or subsequently covered by this Loan Agreement.

B. This assurance is given in consideration of and for the purpose of obtaining the loan of property now or subsequently covered by this Loan Agreement. The Borrower recognizes and agrees that such Federal financial assistance (Loan of Property) will be continued as extended in reliance on the representations and agreements made in this assurance, and that the United States shall have the right to seek judicial enforcement of this assurance. This assurance is binding on the Borrower and its successors.

ARTICLE XIX. OFFICIALS NOT TO BENEFIT

No member of or delegate of Congress, or resident commissioner shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom.

ARTICLE XX. NOTICES

A. Notices, as required by Article III and XV, shall be in writing and shall be deemed to have been given at the time of transmission.

B. Unless otherwise specified:

1. Notices by Borrower to Lender shall be addressed to the Commander, Defense Industrial Plant Equipment Center, Airways Boulevard, Memphis, Tennessee 38114.

2. Notices by Lender to Borrower shall be addressed to:

Official by
Title Only: _____

Name of Borrower
or School: _____

_____

Street Address: _____

_____

City, State and
Zip Code: _____

ARTICLE XXI. EXAMINATION OF RECORDS

Borrower agrees that the Comptroller General of the United States or the Secretary of Defense or any of their duly authorized representatives shall, until the expiration of three (3) years after termination of this Agreement, have access to and the right to examine any directly pertinent books, documents, papers, and records of Borrower involving transactions related to this Agreement.

ARTICLE XXII. LENDER'S STATUTORY AUTHORITY

This Agreement is authorized by the Defense Industrial Reserve Act, Section 809 of Public Law 93-155.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed effective as of the date first above written.

BY _____

TITLE _____

DATE _____

BY _____

TITLE _____

DATE _____

ATTEST:

BY _____

TITLE _____

DATE _____

(SEAL)

UNITED STATES OF AMERICA

BY _____
JAMES B. NEEDHAM
Director
Supply Operations

DEFENSE INDUSTRIAL PLANT EQUIPMENT CENTER

DATE _____